



STATE OF WASHINGTON
PUBLIC DISCLOSURE COMMISSION

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BEFORE THE PUBLIC DISCLOSURE COMMISSION
OF THE STATE OF WASHINGTON

IN THE MATTER OF ENFORCEMENT) PDC CASE NO: 11-032
ACTION AGAINST)
)
Port of Seattle) Notice of Administrative Charges
)
Respondent.)
)

IT IS ALLEGED as follows:

I. Jurisdiction

1. The Public Disclosure Commission (PDC) has jurisdiction over this proceeding pursuant to Chapter 42.17 RCW, the Public Disclosure Act; Chapter 34.05 RCW, the Administrative Procedure Act; and Title 390 WAC. These charges incorporate the Report of Investigation and all related exhibits by reference.

II. Allegations

2. Staff alleges that the Port of Seattle committed multiple violations of RCW 42.17.190 by failing to timely file Reports of Lobbying by State and Local Government Agencies (PDC Form L-5) disclosing lobbying activities undertaken during the last three quarters of calendar year 2006, all of 2007, 2008, and 2009, and the first three quarters of 2010. The late-filed L-5 reports disclosed \$36,192 in previously unreported expenses, consisting of \$33,801 for time spent lobbying by Port of Seattle employees, \$1,500 for brochures and publications, the principal purpose of which was to influence legislation during the first quarter of 2009, and \$891 for employee lobbying-related travel costs.

III. Background and Facts

3. Port of Seattle was created in September, 1911, by approval of King County voters. The Port's scope includes a cargo and passenger seaport and airport, home for the

North Pacific fishing fleet, public marinas and conference facilities, and parks around Elliot Bay.

4. On January 11, 2005, the Port of Seattle hired Hull & Associates, Inc. (LMH, Inc.) a contract lobbying firm, to lobby on behalf of the Port. The company was paid \$3,750 per month to lobby during calendar years 2006, 2007 and 2008, and \$4,000 per month to lobby during 2009 and 2010. LMH, Inc. filed Monthly Lobbyist Expense Reports (PDC Form L-2) during the period 2006 – 2010.

Alleged Lack of Timeliness in Filing L-5 Reports (RCW 42.17.190)

5. On January 14, 2011, the Port of Seattle filed 23 L-5 reports, 18 of which covered the last three quarters of calendar year 2006, all of 2007, 2008, and 2009, and the first three quarters of 2010. The L-5 reports were due by the last day of the calendar month following the three-month calendar quarter covered by the report. The 18 L-5 reports were filed between 62 days and more than four years late, as detailed in the chart below.
6. The late-filed L-5 reports disclosed reportable lobbying expenses totaling \$269,900. These expenses included \$36,192 in previously un-reported expenses, consisting of \$33,801 for time spent lobbying by Port of Seattle employees, \$1,500 for brochures and publications, the principal purpose of which was to influence legislation during the first quarter of 2009, and \$891 for employee lobbying-related travel costs.
7. The L-5 reports disclosed \$233,708 in payments made to the port's contract lobbyist, LMH, Inc., who timely reported the lobbying compensation received from the Port of Seattle on its monthly L-2 reports.

L-5 Reporting Period	Port of Seattle Employee Salaries to Lobby	Contract Lobbyist Payments	Total Lobbying Costs, including publications and agency travel.	Days Late
Last Three Quarters 2006	\$ 9,501	\$ 33,880	\$ 43,381	1,433-1,616
Calendar Year 2007	\$ 8,750	\$ 45,032	\$ 53,782	1,067-1,342
Calendar Year 2008	\$ 10,600	\$ 47,912	\$ 58,512	701-976
Calendar Year 2009	\$ 2,475	\$ 48,384	\$ 52,845	335-610
First Three Quarters 2010	\$ 2,475	\$ 58,500	\$ 61,380	62-245
Totals	\$ 33,801	\$ 233,708	\$ 269,900	

Last Three Quarters of 2006

8. On January 14, 2011, the Port of Seattle filed three L-5 reports covering the last three quarters of 2006, disclosing \$43,381 in lobbying expenditures. The reports were filed between 1,433 and 1,616 days late, and included \$9,501 in previously un-reported expenses for time spent lobbying by Port of Seattle employees.
9. The L-5 reports filed for each of the three quarters disclosed that Terry Finn, State Government Relations Manager for the Port of Seattle, spent ten percent of his time lobbying each quarter, with the value of his time being \$3,167 per quarter. The L-5 reports also disclosed \$33,880 in port district funds spent on contract lobbyist LMH, Inc. during this period.

Calendar Year 2007

10. On January 14, 2011, Port of Seattle filed four L-5 reports for calendar year 2007, disclosing \$53,782 in lobbying expenditures. The reports were filed between 1,067 and 1,342 days late, and included \$8,750 in previously un-reported expenses for time spent lobbying by Port of Seattle employees during the first and second quarters of 2007.

- a. First quarter of 2007: The L-5 report was filed 1,342 days late, disclosing lobbying expenses totaling \$18,750. Of this amount, \$7,500 was for 30 percent of Terry Finn's time, and \$11,250 was for payments made to LMH, Inc. for lobbying services.
- b. Second quarter of 2007: The L-5 report was filed 1,251 days late, disclosing lobbying expenses totaling \$12,500. Of this amount, \$1,250 was for five percent of Terry Finn's time, and \$11,250 was for payments to LMH, Inc. for lobbying services.

Calendar Year 2008

11. On January 14, 2011, the Port of Seattle filed four L-5 reports for calendar year 2008, disclosing \$58,512 in lobbying expenditures. The reports were filed between 701 – 976 days late, and included \$10,600 in previously un-reported expenses for time spent lobbying by Port of Seattle employees.
 - a. First quarter of 2008: The L-5 report was filed 976 days late, disclosing lobbying expenses totaling \$20,750. Of this amount, \$9,000 was expended for 30 percent of the time spent lobbying by Henry Yates, Government Affairs Manager for the Port of Seattle. The L-5 report also disclosed that the Port of Seattle made payments totaling \$11,750 to LMH, Inc. for lobbying services.
 - b. Second quarter of 2008: The L-5 report was filed 885 days late, disclosing lobbying expenses totaling \$12,731. Of this amount, \$700 was for one percent of Henry Yates' time, and \$12,031 was for payments to LMH, Inc. for lobbying services.
 - c. Third quarter of 2008: The L-5 report was filed 793 days late, disclosing port lobbying expenses totaling \$12,450. Of this amount, \$450 was spent for two percent of the time of Clare Gallagher, State Government Relations Manager, and \$12,000 was for payment to LMH, Inc. for lobbying services.

- d. Fourth quarter of 2008: The L-5 report was filed 701 days late, disclosing lobbying expenses totaling \$12,581. Of this amount, \$450 was spent for two percent of Clare Gallagher's time, and \$12,131 was for payments made to LMH, Inc. for lobbying services.

Calendar Year 2009

12. On January 14, 2011, Port of Seattle filed four L-5 reports for calendar year 2009, disclosing \$52,845 in lobbying expenditures. The reports were filed between 335 – 610 days late, and included \$2,475 in previously un-reported expenses for time spent lobbying by Port of Seattle employees. The L-5 reports also disclosed \$487 for employee lobbying-related travel costs.

- a. First quarter of 2009: The L-5 report was filed 610 days late, disclosing lobbying expenses totaling \$15,102. Of this amount, \$1,125 was for five percent of Clare Gallagher's time, and \$12,073 for payments made to LMH, Inc. for lobbying services. The L-5 also disclosed \$1,500 for printing and copying costs for brochures, the principal purpose of which was to influence legislation during the first quarter of 2009. In addition, \$404 was reported for employee lobbying-related travel costs.
- b. Second quarter of 2009: The L-5 report was filed 519 days late, disclosing lobbying expenses totaling \$12,495. Of this amount, \$450 was for two percent of Clare Gallagher's time, and \$12,000 for payments made to LMH, Inc. for lobbying services. In addition, \$45 was for employee lobbying-related travel costs.
- c. Third quarter of 2009: The L-5 report was filed 427 days late, disclosing port lobbying expenses totaling \$12,535. Of this amount, \$450 was for two percent of Clare Gallagher's time, and \$12,066 for payments made to LMH, Inc. for lobbying services. In addition, \$19 was for employee lobbying-related travel costs.

- d. Fourth quarter of 2009: The L-5 report was filed 335 days late, disclosing lobbying expenses totaling \$12,714, which included \$450 in funds spent for two percent of Clare Gallagher's time, and \$12,245 for payments to LMH, Inc. for lobbying services. In addition, \$19 was for employee lobbying-related travel costs.

First Three Quarters of 2010

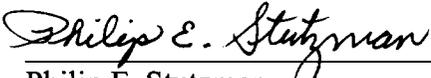
13. On January 14, 2011, the Port of Seattle filed three L-5 reports for the first three quarters of 2010, disclosing \$61,380 in lobbying expenditures. The reports were filed between 62 – 245 days late, and included \$2,475 in previously un-reported expenses for time spent lobbying by Port of Seattle employees. The L-5 reports also disclosed \$58,500 for payments made to LMH, Inc. for lobbying services, and \$404 for employee lobbying-related travel costs.
 - a. First quarter of 2010: The L-5 report was filed 245 days late, disclosing lobbying expenses totaling \$21,279, which included \$1,375 for five percent of Clare Gallagher's time, and \$19,500 in payments made to LMH, Inc. for lobbying services. In addition, \$404 was for employee lobbying-related travel costs.
 - b. Second quarter of 2010: The L-5 report was filed 154 days late, disclosing lobbying expenses totaling \$20,050, which included \$550 for two percent of Clare Gallagher's time, and \$19,500 in payments to LMH, Inc. for lobbying services.
 - c. Third quarter of 2010: The L-5 report was filed 62 days late, disclosing lobbying expenses totaling \$20,050, which included \$550 for two percent of Clare Gallagher's time, and \$19,500 in payments made to LMH, Inc. for lobbying services.

V. LAW

RCW 42.17.020(31) states "'Lobby" and "lobbying" each mean attempting to influence the passage or defeat of any legislation by the legislature of the state of Washington, or the adoption or rejection of any rule, standard, rate, or other legislative enactment of any state agency under the state Administrative Procedure Act, chapter 34.05 RCW...."

RCW 42.17.190 requires each state agency, county, city, town, municipal corporation, quasi-municipal corporation, or special purpose district which expends public funds for lobbying to file with the Commission, except as exempted by (d) of this subsection, quarterly statements on PDC Form L-5 reports disclosing their expenditures for in-person lobbying. Expenses for hiring contract lobbyists, and for the value of the time spent lobbying by agency employees must be reported.

RESPECTFULLY SUBMITTED this 9th day of May, 2011.



Philip E. Stutzman
Director of Compliance